

Internal Revenue Service

Department of the Treasury

District
Director

450 Golden Gate Ave.
San Francisco, Calif. 94102

Person to Contact:

Telephone Number:

Refer Reply to:

Date:

Gentlemen:

We have considered your application for exemption from Federal income tax as an organization described in section 501(c)(4) of the Internal Revenue Code of 1954.

The information submitted discloses that you were incorporated under the nonprofit corporation laws of the State of [REDACTED] on [REDACTED].

Your Articles of Incorporation states that your corporation was formed to provide for the acquisition, construction, management, maintenance, and care of real and personal property held by the corporation or commonly held by the members of the corporation; To maintain the landscaping along a privately owned street and to impose certain standards in regards to the structure and landscaping of each lot. The planned development consists of twelve single family units.

The Internal Revenue Service takes the position that in order for an organization to qualify for exemption from Federal income tax as a social welfare organization described in section 501(c)(4) of the Code, it must be primarily engaged in promoting in some way the common good and general welfare of the community as a whole.

This ruling may be distinguished with Revenue Ruling 74-99 which provides that a homeowners' association, to qualify for exemption under section 501(c)(4) of the Code, (1) must serve a "community" which bears a reasonable recognizable relationship to an area ordinarily identified as governmental, (2) it must not conduct activities directed to the exterior maintenance of private residence, and (3) the common area or facilities it owns and maintains must be for the use and enjoyment of the general public.

Since you provide services to your membership, as described in Revenue Ruling 74-17, rather than serving in a similar capacity to a governmental unit, as described in Revenue Ruling 74-99, you do not qualify for exemption under section 501(c)(4) of the Code.

Therefore, we hold that you are not exempt from Federal income tax as an organization described in section 501(c)(4) of the Internal Revenue Code of 1954.


Page 2

If you are in agreement with this proposed determination, we request that you sign and return the enclosed agreement Form 6018. Please note the instructions for signing on the reverse side of this form.

If you are not in agreement with this proposed determination, we recommend that you request a hearing with our office of Regional Director of Appeals. Your request for a hearing should include a written appeal giving the facts, law, and any other information to support your position as explained in the enclosed Publication 892. You will then be contacted to arrange a date for a hearing. The hearing may be held at the office of Regional Director of Appeals or, if you request, at a mutually convenient District Office. A self-addressed envelope is enclosed.

Sincerely yours,

District Director

Enclosures:
Publication 892
Form 6018

Department of the Treasury-Internal Revenue Service
Consent to Proposed Adverse Action
(All references are to the Internal Revenue Code)

Prepare In
Duplicate

Case Number

Date of Latest Determination Letter

Employer Identification Number

Date of Proposed Adverse Action Letter

APR 25 1985

Name and Address of Organization

RECEIVED

I consent to the proposed adverse action relative to the above organization as shown by the box(es) checked below. I understand that if Section 7428, Declaratory Judgments Relating to Status and Classification of Organizations under Section 501(c)(3), etc. applies, I have the right to protest the proposed adverse action.

MAY 7 1985
IRS Section B
Los Angeles District

NATURE OF ADVERSE ACTION

- ☒ Denial of exemption
- ☐ Revocation of exemption, effective
- ☐ Modification of exempt status from section 501(c)() to 501(c)(), effective
- ☐ Classification as a private foundation (section 509(a)), effective
- ☐ Classification as a non-operating foundation (section 4942(j)(3)), effective
- ☐ Classification as an organization described in section 509(a)(), effective
- ☐ Classification as an organization described in section 170(b)(1)(A)(), effective

If you agree to the adverse action shown above, please sign and return this consent. You should keep a copy for your records.

If you sign this consent before you have exhausted your administrative appeal rights, you may lose your rights to a declaratory judgment under section 7428.

(Signature instructions are on the back of this form.)

Name of Organization

Signature and Title

Date

Signature and Title

Date